

Annotated Bibliography on Agricultural Credit and Rural Savings

Volume XVI

April 1996

A Publication of:

**AGRICULTURAL FINANCE PROGRAM
Department of Agricultural Economics
and Rural Sociology
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PREFACE

This bibliography is one in the series that the Department of Agricultural Economics and Rural Sociology, The Ohio State University has prepared during the past few years as part of its program to study finance in developing countries. Most of the abstracts were prepared by Raul Venezian and the word processing was completed by Lori Karn. This bibliography summarizes the contents of many publications we have received during the past few years and are in the library collection at Ohio State.

The publications abstracted here clearly reflect the lack of consensus that exists about microenterprises. Are they efficient in their use of resources? Do they have a potential to expand into larger scale enterprises? What type of assistance should they receive? What is their most binding constraint? The publications also reflect the variety of programs and projects aimed at supporting micro and small enterprises. Some provide a variety of services; others provide only credit or technical assistance. Some try to direct the enterprises through assistance to entrepreneurs and through the targeting of loans; others assume that the entrepreneurs are in the best position to know their business opportunities and how to use borrowed funds.

Persons desiring information regarding publications listed in this bibliography should address their inquiries to:

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BIBLIOGRAPHY ON AGRICULTURAL CREDIT AND RURAL SAVINGS

1. **Abiad, Virginia G., "Linking Formal and Informal Financial Intermediaries in Underdeveloped Countries: Evidence from Indonesia," Draft, American University, February 1994, 67 pages.**

This study concentrates on the linkages of informal financial groups with banks, either directly or indirectly through self-help-promoting institutions. Analyzes the role of self-help groups as village financial intermediaries, and their ability to mobilize household savings and provides credit to low income groups. Examines the linkage process and its implications. Determines the factors that explain increased access to credit and repayment rates. Points out that the main benefit from these linkages for banks is that they gain access to a new market segment, which is profitable but was avoided because of the high transaction costs and risk the sector faces. [6296]

2. **Adams, Dale W, "A Critique of Loan Targeting and What to do After Overcoming the Habit," Economics and Sociology Occasional Paper No. 2087, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, November 1993, 6 pages.**

Discusses three of the major weaknesses loan targeting has as a tool for promoting growth and poverty alleviation. Some suggestions are given to improve the way financial markets are used. Concludes that the construction of a viable financial system has to be based on the allocation of credit based on creditworthiness of the applicants. [6226]

3. **Agu, Cletus C., "Analysis of the Determinants of the Nigerian Banking System's Profits and Profitability Performance," Savings and Development Vol. XVI, No. 4, 1992, pp 353-370.**

The purpose of this study is to analyze the idea that economic performance of the banking system is a function of its market structure and policy and demand factors, with each one studied in detail. The results indicate that all have influence on economic performance, but that the policy and demand factors are relatively more important than market structure. Some implications for both government and financial institutions are outlined. [6017]

4. **Aleem, Irfan, "Imperfect Information, Screening, and the Costs of Informal Lending: A Study of the Rural Credit Market in Pakistan," The World Bank Economic Review, Vol. 4, No. 3, 1990, pp 329-349.**

This study tests the common government view that rural moneylenders are usurious. For this purpose the actual implicit interest rates charged are compared to the services, costs and charges of a sample of moneylenders. Points out that there is enough evidence to support the hypothesis that interest rates reflect average costs of lending and that they exceed marginal costs. Some policy recommendations are based on these results. [6152]

5. **Alfaro Gramajo, Luis Noel, "Constraints to Women's Access to Credit and Women's Strategies for Obtaining Credit," Unpublished paper, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, Spring 1992, 29 pages.**

This paper identifies the principal factors that limit women's access to formal credit and the strategies to obtain credit. Observes that there exist some institutional factors that limit women's access to credit, but that they apply equally to men considered as "small borrowers." Besides the institutional factors, there are also gender-related factors that limit credit for women. [5935]

6. **Anderson, Julie, "Do Brazilian Banks Comply with Rural Credit Regulations? Evidence from Farm-Level Panel Data," Memorandum No. 273, Center for Research in Economic Growth, Department of Economics, Stanford University, Stanford, California, April 1987, 34 pages.**

Presents a model to evaluate the extent to which lenders comply with the regulations imposed by the government, and the effectiveness of intervention in rural credit markets. Finds that bankers' ranking of potential borrowers were little influenced by governments policies. [6139]

7. **Anyanwu, John C., "Women's Access to Credit Facilities from Commercial Banks in Nigeria: Challenges for the 1990s," Savings and Development Vol. XVI, No. 4, 1992, pp. 421-440.**

Determines the extent of women's limited access to credit facilities from commercial banks in Nigeria. Identifies the principal factors that inhibit them and derives some policy recommendations. Points out that there is not limited access, but rather a lack of applicants due principally to ignorance or illiteracy. Recommends direct efforts towards education, and information of financial facilities. [6013]

8. **Arcand, Jean-Louis, "Structural Adjustment and the Organization of Agricultural Credit in Egypt," Centre de Recherche et Development en Economique (C.R.D.E.), Check No. 2992, Universite de Montreal, Montreal, Canada, October 1992, 27 pages.**

Analyzes from a microeconomic point of view, the impact of structural adjustment packages, with financial liberalization, on agricultural credit markets, and concentrates on the existing credit constraints. Concludes that the removal of interest rate ceilings will not necessarily imply the disappearance of credit constraints because of the possibility of endogenous credit rationing. Points out that the effects of financial liberalization on the intermediation role of financial institutions in the agricultural sector are key to understanding the impact of structural adjustment. [5873]

9. **Aredo, Dejene, "The Informal and Semi-Formal Sectors in Ethiopia: A Study of the Iqqub, Iddir, and Savings and Credit Cooperatives," University of Addis Ababa, Addis Ababa, Ethiopia, 1993, 74 pages (Edited by the Centre for the Study of African Economics, University of Oxford, England).**

The purpose of this paper is to generate empirical information on the informal and semi-formal financial sectors in Ethiopia, and to improve understanding of their economic relevance. It focuses on identifying the Iqqub-Iddir in rural areas, the linkages between the informal and formal sectors, and the characteristics of the households that actively participate in the informal sector. The paper concludes that the regulation of existing informal financial institutions depends to some extent on the effectiveness and adequacy of government policies. [6069]

10. **Aries Group, Ltd., Arthur Young International, Public Administration Service, and MISR Iran Development Bank, "Privatization of Input Supply Activities of the Principal Bank for Development and Agricultural Credit (PBDAC): Arab Republic of Egypt: Volume 1," Center for Privatization; Bureau for Private Enterprise, USAID, Washington, D.C., April 1989, 62 pages.**

Reviews PDBAC's financial performance during the period 1984 to 1987, concentrating on the features that are most likely to affect its future performance, if it reduces its input activities via privatization or transfer to another institution, and thus increases its dependance on its credit activities. Concludes that the transfer to another institution will generate few benefits and will delay even more privatization. With some preconditions in place, and a gradual scheme of privatization, it offers a better situation may emerge compared to the current one. [5937]

11. **Aryeetey, Ernest, "Saving Among the Rural Poor in Ghana," Paper presented at the 4th CROP Conference, International Conference of ISSC, April 1993, in Paris, Institute of Statistical, Social and Economic Research, University of Ghana, Legon, 1993, 19 pages.**

The purpose of this article is to identify the factors that determine savings mobilization in Ghana, and to model them with a portfolio choice analysis. Among the principal obstacles are excess liquidity in the rural formal financial sector, relatively low real rates of interest on deposits, and inadequate facilities for savings mobilization in rural areas. However, within households there is an important percentage of income that is kept in real assets, and is not available for investment. [5992]

12. **Aryeetey, Ernest, and William F. Steel, "Informal Savings Collectors in Ghana: Can They Intermediate?" AERC Research Paper, No. 10, African Economic Research Consortium, Nairobi, 1992, 7 pages.**

Describes the operation of individual "mobile banks" in the markets of West Africa and explores the impact of a linkage with the formal financial sector, considering the increase in their capacity to provide credit and, thus, to intermediate between their own clients. [5990]

13. **Aryeetey, Ernest, and William F. Steel, "Individual Savings Collectors in Ghana: Future Financial Intermediators?" Unpublished paper, 1993, 29 pages.**

Examine the effects of an association of individual savings collectors. The individual savings collectors play an important role in savings mobilization, and have potential for financial intermediation, but lack assets and/or access to credit. It is proposed that a linkage of such an association with the formal financial sector would result in a substantial increase in the integration of the financial system. [5993]

14. **Aryeetey, Ernest, Yaw Asante, and Alexander Kyei, "Mobilizing Domestic Savings for African Development and Diversification: Case Study of Ghana," International Development Centre, Queen Elizabeth House, University of Oxford, Oxford, England, May 1992, Draft presented at a workshop on "Mobilization of Domestic Resources in Africa," held at the International Development Centre, Queen Elizabeth House, University of Oxford, 16-20 July 1990, 85 pages.**

This study focuses on the effects of the recent reforms of the financial sector on household savings patterns. Identifies the principal motivational, institutional and policy constraints that limit the generation and mobilization of domestic savings required for investment. The

principal conclusion is that the domestic resources have not been adequately mobilized due to structural and policy deficiencies that were not relieved by the reform packages implemented. A more integrated approach is recommended in which special importance is given to intermediation and the existence of adequate incentives and means for mobilizing resources. [5062]

15. **Barnes, Guillermo, "Lessons from Bank Privatization in Mexico," Working Paper Series No. 1027, The World Bank, Country Economics Department, Financial Policy and Systems Division, Washington, D.C., November 1992, 25 pages.**

Reports on the Mexican bank privatization experience, indicating the principal factors that facilitated the successful result, and some of the consequences it has for the rest of the economy. Finds that macroeconomic stability, legal and financial reforms, and the setting of clear objectives and rules facilitates a successful privatization process. [5956]

16. **Baron, Lloyd I., and Noel Watson, "Loan Funds for Small Business: Lessons for Canadian Policy Makers," Local Development Paper No. 1, Economic Council of Canada, Ottawa, Ontario, October 1989, 69 pages.**

Present a case study of a small Community Business Development Corporation, which was created with the objectives of developing private sector employment by providing technical and/or financial assistance to small businesses, with the long term goal being its self-sustainability. The corporation has proved its capacity in fulfilling the first objective, employment generation, but has failed in achieving self-sufficiency. Analyzes the principal factors that influence self-sufficiency and derives several policy recommendations. [6173]

17. **Bautista, Romeo M., and Mario B. Lamberte, "Comparative Saving Behavior of Rural and Urban Households in the Philippines," Journal of Philippine Development Vol. XVII, No. 2, 1990, pp 149-181.**

Estimates of marginal rates of savings were made by separating rural and urban households by region and income group. The results indicate that at any given level of income the rural households generally save more on average and at the margin. However, across regions, urban households have a higher average savings rate, while the marginal rate of savings is usually higher in rural households. The main issue derived from these results is that, in an agricultural based development strategy, an increase in rural incomes does not imply lower aggregate savings. [5766]

18. **Baydas, Mayada M., Richard L. Meyer, and Nelson Aguilera-Alfred, "Discrimination Against Women in Formal Credit Markets: Reality or Rhetoric?" Economics and Sociology Occasional Paper No. 1989, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, October 1992, 25 pages.**

This paper is based on the results of a multinomial logit model used to test the validity of the argument that women entrepreneurs are commonly discriminated against in formal financial systems. The results yield evidence that contradicts the common belief that, due to gender bias, a large number of loan applications of women are rejected. [5581]

19. **Bear, Marshall, "CARE and Subsector Analysis: A Report on CARE's Formative Experience," Gemini Working Paper No. 43, October 1993, 20 pages.**

Presents the prevailing concepts and tools that are currently used in studying and analyzing a subsector. Describes CARE's experience with subsector analysis and the lessons the program has extracted from some of its projects. The applications of these lessons for microenterprise development are also explored. The results indicate that the subsector analysis contributed to the understanding of specific market operations and by adequate selection of policies to increase participation of poor people in these markets. [6200]

20. **Bell, Clive, T. N. Srinivasan, and Christopher Udry, "Segmentation, Rationing and Spill-over in Credit Markets: The Case of Rural Punjab," Paper presented at the Conference on "Finance 2000. Financial Markets and Institutions in Developing Countries: Reassessing Perspectives," May 27-28, 1993, at Washington, DC, Rural Finance Program, Dept. of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, February 1992, 45 pages.**

This paper tests the principal factors that affect the transactions of a sample of Punjabi households in the market for short term loans. It identifies the variables that influence demand and supply for this particular type of credit, examines the effects of rationing and spill-over to the unregulated sector, and investigates the factors that affect households' choice to engage in tied contracts. Conclude that regulations have led to increased segmentation, and that rationing has been pervasive in the regulated market. [5999]

21. **Berglund, Per-Erik, Sergio Bortolani, Marie-France L'Heriteau, and Lars-Ake Larsson, "Financial Systems Study: Sub-Saharan African Countries: Small Scale Financial Systems: Retail Savings Mobilization," Draft paper, Conceptor AB, Stockholm, Sweden, August 1992, 49 pages.**

Identify and examine the policies, actions and institutions that have facilitated and that may enable the establishment of sustainable financial systems in Sub-Saharan African countries. Formulates several recommendations to donors, classical banks, regulators and small scale financial institutions. Point out that donors should focus on providing technical assistance to establish small scale financial institutions, and that banks should seek linkages with the informal sector. [5959]

22. **Besley, Timothy, and Stephen Coate, "Group Lending, Repayment Incentives and Social Collateral," Unpublished paper, Woodrow Wilson School of Public and International Affairs, Princeton University, Princeton, New Jersey, August 1992, 25 pages.**

Paper considers the impact of repayment rates of lending by groups which are made jointly responsible for repayment. Group lending may have positive or negative effects on repayment rates, depending on several factors, such as the effect of social collateral. In countries where social connectedness is high, it is a powerful device, and may be of significance in the design of contracts. [4997]

23. **Bhatt, V. V., "Financial Institutions and Technical Consultancy Services: The Indian Experiment in Small-Enterprise Promotion," Journal of Development Planning, No. 18, 1988, pp 63-94.**

This study tests the validity of the World's Bank position, which in the case of small scale businesses, for effective integration of credit and technical assistance a technical assistance agency should be autonomous, but organically linked to the credit institutions or financial intermediaries. The results provide evidence in favor of this position, and establish three essential conditions to facilitate this integration. They are sponsorship of the technical consultancy by other financial institution, autonomous functioning, and financial viability of the center. [5874]

24. **Binswanger, Hans P., Klaus Deininger, and Gershon Feder, "Power, Distortions, Revolt and Reform in Agricultural Land Relations," Draft, April 1993, prepared for the Handbook of Development Economics, Volume III, Jere Behrman and T. N. Srinivasan, eds., 123 pages.**

This study presents an historical evolution of land rights and examines the reasons for the great variation in land relations found throughout the world. Suggests that these variations cannot be explained by the traditional property rights and markets models. The authors discuss the controversies that arise in issues like economies of scale, efficiency of the land rental and sales market. Analyze the effects that major land policies and reforms have had

in the developing countries, contrasting successful and unsuccessful ones. Conclude that under perfect markets it is more profitable for land owners to rent out land instead of hiring, but when imperfect markets are present other contractual arrangements must be found. [5994]

25. **Boomgard, James J., James Kern, Calvin Miller, and Richard H. Patten, "A Review of the Prospects for Rural Financial Institution Development in Bolivia," GEMINI Technical Report No. 31, GEMINI/DAI, Bethesda, Maryland, March 1992, 36 pages.**

Report based on a field study realized during 1992 in Bolivia. Summarizes the findings of an analysis of the opportunities for development of viable, self-sustaining institutions, to meet the financial services needs of entrepreneurs in rural areas of Bolivia.[5829]

26. **Brainard, Lawrence J., "Reform in Eastern Europe: Creating a Capital Market," Federal Reserve Bank of Kansas City, Kansas City, January/February 1991, 10 pages.**

Analyzes the role of the reform of financial markets in the economic transformation of Eastern Europe, and the importance of a stable and reliable capital market in the achievement of economic growth. Recognizes that financial reform conveys high costs, and the necessity of establishing an adequate set of priorities and fiscal framework. Suggests some steps in this process, such as the synchronization of structural reform and economic stabilization, and the need for cleaning up banks' balance sheets. [6164]

27. **Burkett, P., "Group Lending Programs and Rural Finance in Developing Countries," Savings and Development Vol. XIII, No. 4, 1988, pp 401-419.**

Argues that the design and evolution of group lending schemes should aim to improve the quality of rural finance services by promoting the development of rural financial networks and institutions that can be viable without continued inflows of external, subsidized funds. States three conditions that are necessary for long run viability of group lending schemes: the need to cover administrative and default losses, mobilize the bulk of their funds through voluntary deposits, and sort out viable borrower groups. Concludes that often group lending programs fail because they disregard lessons from previous subsidized credit experiences, such as the importance of realistic interest rates and savings mobilization. [5820]

28. **Calvo, Guillermo A., and Manmohan S. Kumar, "Part I: Financial Markets and Intermediation," Financial Sector Reforms and Exchange Arrangements in Eastern Europe, Occasional Paper No. 102, International Monetary Fund, Washington, D.C., February 1993, 37 pages.**

Deals with development in the financial sector and constraints on the performance of recently constituted commercial banks, as well as issues related to privatization, stabilization and prudential supervision. States that the decline in output experienced by PCPE after stabilization and structural reforms is due in part to inadequate provision of credit and the underdevelopment of financial markets. Claims that poor bank loan portfolios are a serious problem that threatens the whole reform process, so cleaning the banks' balance sheets is a necessary step. Priority should be on the restructuring and adequate capitalization of the banks. [5950A]

29. **Caprio, Jr. Gerard, Izak Atiyas, and James Hanson, "Financial Reform Lessons and Strategies," Working Paper Series No. 1107, Policy Research Department, The World Bank, Washington, DC, February 1993, 41 pages.**

This paper presents lessons on financial reform based on six case studies of selected countries. Recognizes that finance is important and that it can have a positive influence on the economy by contributing to the efficiency in the allocation of resources. The results provide evidence that efficiency gains are obtained after financial reform. Points out that there are other elements of financial reform that are important, besides the positive relationship between interest rates and savings, such as those that allow financial deepening. Suggests a gradual reform process taking into account the institutional environment. [6149]

30. **Carney, Judith A., "Peasant Women and Economic Transformation in The Gambia," Development and Change Vol. 23, No. 2, 1992, pp 67-90.**

This article traces the convergence of contract farming with gender equity objectives. Examines the contradictions for women of donor funded programs that combine gender equity with productivity objectives. Concludes that these programs have had contradictory consequences for women labor, income opportunities and access to land. [5808]

31. **Carriker, Gordon L., Michael R. Langemeier, Ted C. Schroeder, and Allen M. Featherstone, "Propensity to Consume Farm Family Disposable Income from Separate Sources," American Journal of Agricultural Economics Vol. 75, No. 3, pp 739-744, 1993.**

Examine the marginal propensities to consume farm income, government payments and non farm incomes, to test if the traditional assumption of marginal propensities to consume are independent of income sources. Estimate a consumption function in which marginal propensities to consume are allowed to differ for different income sources. Results indicate that marginal propensities to consume from variable volatile incomes is lower than that of stable incomes. Concludes that policies which assume simple marginal propensities to consume may underestimate the impact of non-farm incomes and government payments in consumption expenditures. [6085]

32. **Carstens, Catherine Mansell, "The "New Style" Poverty Lending Programs: A Powerful Tool for Social Policy," Monthly Report on the Mexican Economy, Department of Economics, Instituto Tecnológico Autónomo de México, México, February 1993, 10 pages.**

Describes the operation of a new methodology for providing credit to the poor which permits the financial intermediary to recover most of its costs and achieve measurable benefits per dollar cost for their clients. Identifies two obstacles for the expansion of these intermediaries: their unclear legal status, and uncertainty in the application of the methodology. Suggests a role for the state to act as catalyst by providing legal status, information, education and monitoring programs, and establishing a graduation process. [6183]

33. **Carter, Michael R., "Does It Take More than Liberalization to Generate Broadly Based Growth? Financial Markets and the Micro Dynamics of Agrarian Growth Transformation," Prepared for the Finance 2000 Workshop, May 27-28, 1993, at Washington, DC, Department of Agricultural Economics, University of Wisconsin-Madison, Madison, WI, May 1993, 38 pages.**

Discusses how multiple information sensitive markets interact to shape broadly based agrarian growth, and presents a model to study the nature of growth and transformation in a stylized Latin American bi-modal structure. Tests the model for three Latin American countries with rapid agri-export growth over the past decade, but with substantial differences in macroeconomic experiences. Points out that rural financial markets need to be explicitly studied in the context of labor and land markets, because the linkages and interactions between these relatively information constrained markets will ultimately condition the way agrarian reform and transformation occur. [6000]

34. **Carter, Michael R., and Fredric Zimmerman, "Economic Growth and Social Instability: A Dynamic Simulation Model of Agrarian Class Structure and its**

Evolution,” Draft paper, Department of Agricultural Economics, University of Wisconsin-Madison, Madison, WI, February 1993, 34 pages.

Develop a fully rational model of agricultural producer behavior with imperfect markets. Model the process of agrarian economic growth in the presence of countervailing market failures. Explores the hypothesis that the existence of countervailing market failures makes the path of economic growth indeterminate. Preliminary results indicate that both individual and aggregate output fall over time as land becomes concentrated in those with strategic comparative advantages in the credit market which facilitates their accumulation path. [5893]

- 35. Chandavarkar, Anand, “Of Finance and Development: Neglected and Unsettled Questions,” World Development Vol. 20, No. 1, 1992, pp 133-144.**

Analyzes some issues on the interrelationship of finance and development, and the implications of the existence of formal and informal finance modalities. Pinpoints the major gaps in the literature in the analytical, institutional, operational and policy aspects of finance in developing countries. Some of the issues covered are modalities and sequence of financial reform, nonfarming competition in oligopolistic systems, market related monetary policies, and autonomy of central banks. Concludes that country-specific and issues-oriented research should be undertaken. [5968]

- 36. Chandra, Dinesh, “Arhtias Advances and Rural Economy: A Study of Punjab Situation,” Financing Agriculture, April/June 1991, pp 13-19.**

Analyzes the operation of moneylenders, the nature of their advances, size, and the reasons for their indispensability. Despite the government's efforts to release the farmers from their relation with moneylenders and the possible exploitation to which they could be subjected, this relation continues to exist. Concludes that the informal sector will continue to dominate, so that the risk of becoming an exploitative relation is high, but was not detected in the study. To avoid this, suggests that the informal sector should be linked to the formal sector, which would promote economic growth in the region. [6179]

- 37. Chaudhuri, Shubham, “Crop Choice, Fertilizer Use, and Credit Constraints: An Empirical Analysis,” Unpublished paper, Department of Economics, Princeton University, November 1993, 31 pages.**

This paper investigates the validity of the hypothesis that credit constraints prevent rural households in poor agrarian economies from adopting new intensive technologies that would promote growth. Uses a household level panel data set from villages in India to

study how the theoretical hypothesis adjust to empirical evidence. Finds that there is a significant correlation between households cash inflows and the decision to adopt new technologies. Claims that this correlation is attributable to the existence of imperfect markets. [6305]

38. **Chaves, Rodrigo A., “Permanencia y Viabilidad de las Organizaciones Privadas de Desarrollo y sus Fuentes de Recursos,” Economics and Sociology Occasional Paper No. 2013, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, December 1992, (In Spanish) 24 pages.**

Argues that the source of the loanable resources for microenterprise financial organizations has important implications for their economic behavior and financial viability. Presents a comparison of the principal advantages and disadvantages of different sources of funds. Concludes that local resources are preferred because they contribute more towards self-sustainability and long run viability. Low interest rate foreign funds have other characteristics and elements that make them less likely to promote self-sufficiency, such as being the target of rent seeking organizations.[5788]

39. **Chaves, Rodrigo A., and Claudio Gonzalez Vega, “Principios de Regulacion y Supervision Prudencial: Aplicabilidad a Organizaciones Financieras para Microempresas,” Economics and Sociology Occasional Paper No. 2011, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, November 1992, (Spanish version of ESO #1979) 54 pages.**

Discusses the principles of financial intermediary regulation and prudential supervision, and evaluates the importance for microenterprise financial organizations. Covers issues such as opportunistic behavior, asymmetric information, moral hazard, contract enforcement, and market failure. Though there are no standard rules for optimal regulation, some regulatory statements are formulated, including competitive neutrality and flexibility. [5789]

40. **Chaves, Rodrigo A., and Claudio Gonzalez-Vega, “The Design of Successful Rural Financial Intermediaries: Evidence from Indonesia,” Prepared for the conference “Finance 2000. Financial Markets and Institutions in Developing Countries: Reassessing Perspectives,” May 27-28, 1993, at Washington, D.C., Economics and Sociology Occasional Paper No. 2059, Rural Finance Program, Dept. of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, May 1993, 38 pages.**

Examines the degree of success achieved by different rural financial intermediaries in Indonesia, with respect to self-sustainability and outreach. The systems studied have provided credit and deposit services to a large number of very small clients at low transaction costs and acceptable levels profitability. Conclude that one of the principal factors for success is an adequate environment for financial intermediation and an effective organizational design. The success of any such organization is possible only when it is someone's best interest, and when this interest can be pursued given existing conditions. [6001]

41. **Chipeta, C., and M. L. C. Mkandawire, "Links Between the Informal and Formal/Semi-Formal Financial Sectors in Malawi," AERC Research Paper No. 14, African Economic Research Consortium, Nairobi, November 1992, 46 pages.**

Examine linkages in the credit market and in savings mobilization, focusing on the potential use of bank deposit facilities by savings and credit associations. Investigate complementary and competitive deposit and credit links between the informal and the formal financial sectors. Suggest some policies to achieve an integrated development of the financial sector. [6133]

42. **Cho, Yoon Je, "McKinnon-Shaw versus the Neostructuralists on Financial Liberalization: A Conceptual Note," World Development, Vol. 18, No. 3, pp 477-480.**

Presents a comparison between the view's of McKinnon-Shaw and the neostructuralists with respect to financial liberalization policy. Though both argue for the same objective, the approach is different, due to different perceptions on the relative efficiency of the formal and informal financial sector in developing countries. Points out that the issues that have to be considered are whether or not the informal sector provides full intermediation and if the allocation of resources is efficient.[6118]

43. **Coetzee, Gerhard, Johan van Rooyen, and Mark Lyster, "Agricultural Development and Agricultural Financing in South Africa and the Role of the Development Bank," Discussion paper, Rural and Agricultural Development Policy Programme, Centre for Policy Analysis, Development Bank of Southern Africa, South Africa, 1993, 10 pages.**

Analyze actual situation and role of DSBA, and presents an evaluation of its past performance. Claim that financial support to other sectors related to agriculture is important in increasing the responsiveness and effectiveness of agricultural development, and restructuring. Suggest that a new model is required, in which there is acknowledgement of the total agricultural sector so as to accommodate the agricultural clientele.[6032]

44. **Collender, Robert N., "Production Economies and Inefficiencies in the Farm Credit System," Prepared for presentation at the AAEA annual meetings, August 9-12, 1991, at Baltimore, MD, Economic Research Service, U.S. Department of Agriculture, Washington, DC, 1991, 24 pages.**

Investigates how effectively The Farm Credit System supplies reliable low cost credit to the agricultural sector. Estimates cost functions using the "thick frontier" methodology, which provides information on production economies and relative efficiency. Finds that substantial ray-scale economies are present in production credit and federal bank associations, and that there is a high level of inefficiency. Concludes that the formation of larger associations would enhance the economic benefits targeted to the agricultural sector. [6128]

45. **Cross, C. R., and J. P. Evans, "Farmer Support Programme Anthropological Evaluation. Khanyile Ward, Nkandla," Interim Report, Rural-Urban Studies Unit, Centre for Social and Development Studies, University of Natal, Durban, South Africa, December 1991, 43 pages.**

This report examines the implementation and impact of farmer support programs, concentrating on the constraints and innovating elements that can encourage or deter household participation in these programs. Results indicate that though credit appears to be well structured, its outreach is very limited, due in part to restricted access to land and that cash sales are not linked to the Farmer support program. Suggests that the kind of package offered has to be reformulated towards cheaper technologies that require less credit. [6029]

46. **Degefe, Befekadu, "Growth and Foreign Debt: The Ethiopian Experience: 1964-86," AERC Research Paper No. 13, African Economic Research Consortium, Nairobi, Kenya, November 1992, 56 pages.**

Focus is on how loans were used by the borrowers as a mean of obtaining information that may help overcome the debt crises and avoid slipping into another. Uses a macroeconomic model to examine the relationship between external debt and economic growth. Indicates that long term foreign credit has had a positive effect on the economy despite the fluctuations that have occurred during the period. The negative periods, are not to be attributed to the foreign debt, but to domestic policies. Remarks that, although external factors can have positive effects, the principal elements are domestic factors, and, that in this particular case, the government's policies are the principal factor. [6082]

47. Dieter, Hans Seibel, "Formal and Nonformal Financial institutions: Financial Systems Development Through Institutional Upgrading, Downgrading, Innovation or Linkage Banking?" Paper presented at Symposium 1993 Jaques Cartier Talks, Savings Mobilization and Proximate Financing, Lyon, December 1993, 20 pages.

Identifies the principal elements that have led to financial repression and discusses the consequences this has had at different system levels, that is governmental institutions, and economic agents. Argues that microfinance is a useful tool that promotes small farmers economic activity, and suggests several approaches by which microfinance can be enhanced. Claims that a successful institutional adjustment strategy requires a sound instrumental innovation strategy, that is new improved financial products. [6232]

48. Dorsainvil, Daniel, "Agricultural Household Composition as a Determinant of Production and Credit Relations," Unpublished paper, Department of Economics, University of Pennsylvania, 1993, 30 pages.

This paper examines the allocation of funds within a household using agency theory. Argues that household composition is an important determinant in the allocation of resources, affecting the use of credit funds. Shows that the consumption of household dependants can be passed on to lenders, constituting an important transaction cost that may limit households access to credit markets. Evidence from South India supports the author's hypothesis that household composition is in fact one of the determinants of equilibrium input and credit use. [6235]

49. Drake, Deborah, and Maria Otero, Alchemists for the Poor: NGOs as Financial Institutions, Monograph Series No. 6, ACCION International, Cambridge, MA, October 1992, 118 pages.

Monograph about the performance and experience of NGO's in financial intermediation for poor micro entrepreneurs. Based on various NGO's in Latin America, presents a conceptual framework to address the issue of NGO's as financial intermediaries. Points out that NGO's must run efficient programs, to avoid high subsidy dependance, and continue innovations to favor linkages with the formal financial sector. States that supervision is necessary to permit the development of prudent financial intermediation. [5975]

50. Ekpenyong, David B., and M. O. Nyong, "Small and Medium-Scale Enterprise in Nigeria: Their Characteristics, Problems and Sources of Finance," AERC Research Paper No. 16, African Economic Research Consortium, Nairobi, Kenya, 1992, 40 pages.

Identify the principal characteristics of small to medium scale enterprises, with reference to the operators background, type of business they run, and its size. Also study the finance sources, and the impact government policies have had on their development. The results indicate that an important part of the initial financing of small and medium scale enterprises came from personal savings of the operators and from formal financial institutions, and that additional funds came from informal financial sources. [6081]

51. **Esguerra, Emmanuel F., Geetha Nagarajan, and Richard L. Meyer, "From Trader to Lender in the Philippines: Interlinked Contracts from a Financial Market Perspective," Economics and Sociology Occasional Paper No. 2060, Rural Finance Program, Dept. of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, May 1993, 37 pages.**

Examine the interlinking of credit with contracts in other markets. Analyze the effects of credit tying as a substitute to collateral requirements in the informal sector and present the advantages of these arrangements over those that are not tied. Several implications are formulated, pointing out that the existence of different types of informal Interlinked credit contracts may promote development, but there are limitations to its contribution. Suggest that impediments for traders to engage in these transactions should be minimized. [5996]

52. **Feder, Gerson, "Land Ownership Security and Farm Productivity: Evidence from Thailand," Journal of Development Studies, 1987, pp. 16-31.**

Discusses the theoretical foundations of ownership security and farm productivity, considering input use and output value. Tests the hypothesis that farmers with secure ownership of their land will have more incentives and capacity to invest, because of a lower perceived risk and greater access to formal credit, which in the end leads to higher technological levels and hence productivity. The results of the empirical study in Thailand indicate that there is a positive relation between the provision of secure, legal ownership to untitled farmers and productivity. [6106]

53. **Feekes, Fons, "Extending Small Credits Profitably in Indonesia," Small Enterprise Development Vol. 4, No. 2, June 1993, pp 33-38.**

Examines the nature and principal determinants of transaction costs generated by extending small credits in different types of financial institutions. Explores three alternative ways of increasing access to small credits, avoiding the traditional selective credit policies. These strategies include promoting small and low cost financial institutions, promoting interest differentiation among banks and enhancing appropriate technologies. [6042]

54. **FIRA Banco de Mexico, “Evaluacion del Impacto del Credito FIRA Resultados del Periodo 1983-1987,” FIRA Boletin Informativo Vol. XXI, No. 207, Division de Programacion del Credito Agricola, Banco de Mexico, Mexico, July 31, 1989, 23 pages.**

This report presents an evaluation of the results obtained by FIRA during the 1983-1987 period. In general, finds that the program has fulfilled adequately its institutional objectives of capitalizing the agricultural sector, increasing total output, yield levels, and generating new employment alternatives. The evaluation indicates that there was an increase in land use by primary activities and in yields and total production, with respect to the period without credit. Also, there was an important increase in working capital and total assets of the participating farmers. [6169]

55. **Gale, Douglas, and Martin Hellwig, “Incentive-Compatible Debt Contracts: The One-Period Problem,” Review of Economic Studies Vol. LII, pp 647-663, 1985.**

Present a simple model of borrowing and lending with asymmetric information, and derive the optimal, incentive-compatible debt contract. Finds that under certain conditions the optimal credit contract takes the form of a standard debt contract. Also examine conditions under which credit rationing occurs, and the level of investment achieved under these conditions. [5856]

56. **Gangopadhyay, Shubhashis, and Kunal Sengupta, “Usury and Collateral Pricing: Towards an Alternative Explanation,” Cambridge Journal of Economics Vol. 11, pp 47-54, 1987.**

Construct a model to show how the “method of usury” operates in the agricultural sector of developing countries, and how the collateral is priced. In this model the lender is allowed to recover the full amount of default, principal and interest, whereas in previous models only the defaulted principal was allowed to be recovered. Conclude that once the lender is held accountable for both the defaulted principal and interests, there is no underpricing of the collateral. Also show that with interlinkage of produce and credit markets underpricing may result because of interest ceilings. [6108]

57. **Geron, Ma Piedad S., “Microeconomic Behavior of Agents in a Credit-Output Market in an Agricultural Setting,” Journal of Philippine Development Vol. XVI, No. 1, pp 1-36, 1989.**

Models the economic behavior of borrowers and lenders in a credit output market. The empirical results show that in relatively more developed areas, the interest rates were

higher, due to the provision of improved services by the lender, which have higher operating costs. Suggest that in a low income economy with segmented markets and high transaction costs, the presence of informal lenders may be useful in achieving efficiency. [5822]

58. **Glosser, Amy J., "BancoSol: A Private Commercial Bank - A Case Study in Profitable Microenterprise Development in Bolivia," GEMINI Working Paper No. 35, GEMINI/DAI, Bethesda, MD, February 1993, 65 pages.**

Discusses the rationale for the creation of a bank for microentrepreneurs, and describes and analyzes its financial structure. States that several factors are necessary for the creation of a microenterprise bank, including macroeconomic and political stability, support and credibility from the business community, a strong credit program operating at least at breakeven levels, and sufficient trained and experienced personnel. [5978]

59. **Glover, D., "Contract Farming and Outgrower Schemes in East and Southern Africa," Journal of Agricultural Economics Vol. 41, No. 3, September 1990, pp 303-315.**

Presents contract farming as an alternative to improve the performance of agriculture in Africa. Studies the contract farming and outgrower schemes that exists in East and Southern Africa and identifies the principal factors that determine the outcome and viability of an outgrower scheme. These include nature of the commodity, technological level, land tenure, prices and pricing policies, payment systems, market power and macroeconomic conditions. Several policy recommendations are formulated but emphasizes that caution should be put in the pricing policies.[6076]

60. **Gonzalez-Vega, Claudio, "Condiciones de Exito para una Reforma Financiera," Economics and Sociology Occasional Paper No. 2007, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, November 1992, (In Spanish) 15 pages.**

Examines the conditions required to achieve a successful financial reform. Argues that a clear definition of the reforms objectives is important, and that the view of finance either as a mechanism for market integration or as a fiscal tool is a main issue. Identifies the components of a market-oriented financial reform and analyzes the weakness of finance as a fiscal tool.[5798]

61. **Gonzalez-Vega, Claudio, “Banca de Desarrollo o Servicios Financieros para el Desarrollo,” Economics and Sociology Occasional Paper No. 2010, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, December 1992, 49 pages.**

Discusses the importance of financial reform and its role in structural adjustment. Analyzes the previous interventionist and protectionist efforts of development, and contrasts them with the effects that financial reform has on market integration. Investigates why development banks fail. Argues that a hospitable regulatory framework that facilitates transactions and can provide the opportunity to develop the financial services that are demanded and satisfying the real financial functions is more desirable than a development bank. [5878]

62. **Gonzalez-Vega, Claudio, “Elementos para una Reforma Financiera en la Republica Dominicana,” Economics and Sociology Occasional Paper No. 2006, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, November 1992, (In Spanish) 12 pages.**

Presents the major reasons that justify a financial reform in the Dominican Republic, and the required timing. Discusses the objectives for a financial reform and lists the main areas of concern. [5797]

63. **Gonzalez-Vega, Claudio, “La Reforma Financiera Y Las Cooperativas De Ahorro Y Credito,” Economics and Sociology Occasional Paper No. 2053, Rural Finance Program, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, March 1993, (Spanish) 15 pages.**

Reviews the basic assumptions and instruments used by traditional approaches to financial markets. Claims that an incorrect diagnosis of limited access to credit and high interest rates led to inappropriate policies and institutions during the 1950s-60s. States that to increase access to credit, policy reforms, technological innovations and institutional design must be correctly addressed. [6010]

64. **Grady, Heather M., and Joachim Theis, “Credit in the West Bank and Gaza Strip,” Small Enterprise Development Vol. 4, No. 2, 1993, pp 24-32.**

Describe and evaluate the results of a revolving loan fund programme that has been in operation since 1986 in the West Bank and Gaza Strip. Concentrate on the programmes impact on businesses and families, effectiveness, the repayment rates obtained and general management. Find that the program targeted small scale businesses, but failed to reach a

significant number of poor borrowers due to the design which required salaried guarantors and the provision of 50 per cent of the projects capital, thus excluding disadvantaged borrowers. The management costs were high and were not being covered by interest payments. Recommendations include simplifying the feasibility studies and approval procedures, and providing technical assistance to groups instead of a one to one scheme. [6041]

65. **Graham, Douglas H., Geetha Nagarajan, and Korotoumou Ouattara, "Financial Liberalization, Bank Restructuring and the Options for Client-Owned Intermediation: Two African Experiences in Rudimentary Financial Markets," Presented at conference "Finance 2000. Financial Markets and Institutions in Developing Countries: Reassessing Perspectives," May 27-28, 1993, at Washington, D.C., Economics and Sociology Occasional Paper No. 2063, Rural Finance Program, Dept. of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, May 1993, 43 pages.**

Document the state of formal and informal financial markets during the mid 1980s in some African countries, and the deregulation schemes followed by each one. Analyze the role of NGOs in these deregulated markets. Find that the stabilization and deregulation programs were necessary to overcome their economic stagnation. Conclude that semi-formal institutions can play an important role in servicing the demand for financial services of low income clientele. [6002]

66. **Graybill, Steven, Mario Lamberte, Dennis Sheets, Joel Valdes, and Robert C. Vogel, "Small Savers Instruments," IMCC, Key Biscayne, Florida, September 1992, (A report to the U.S. Agency for International Development and the Department of Finance, Government of the Philippines) 73 pages.**

This study concentrates on developing ways that can increase the mobilization of small savings, by providing the small savers with a wider access to high yielding government securities, especially in rural areas. Develop an action program based on the analysis of the existing institutions and options that are most suitable for the Philippine environment. [6145]

67. **He, Dong, and Robert Pardy, "Stock Market Development and Financial Deepening in Developing Countries," Working Paper Series No. 1084, Country Economics Department, The World Bank, Washington, DC, February 1993, 41 pages.**

Explore the relationship between the degrees of financial depth and stock market development in an economy. Test a "threshold hypothesis" that a certain level of financial

depth may be necessary to allow stock market development to take off. Using cross sectional data from developing countries for 1984-1990, and indicators of financial depth and stock market development, find a strong correlation between the two factors. Conclude that financial depth is a critical factor in stock market development in most developing countries, but that country specific factors also have a strong influence. [6062]

68. **Heidhues, Franz, and Gertrud Schrieder, "The Role of Infrastructure Components for Rural Households' Access to Financial Markets: A Case Study of Cameroon," International Symposium on "Regional Food Security and Rural Infrastructure," May 1993, at Justus-Liebig-Universitat Giessen, Institute for Agricultural Economics and Social Sciences in the Tropics and Subtropics, University of Hohenheim, Stuttgart, May 1993, 21 pages.**

Present a quantitative analysis of the interaction between rural infrastructure and the rural poor's access to consumption credit. Explore the influence that different types of rural infrastructure have on household participation in financial markets. Conclude that small holders are disadvantaged because they are easily rationed out of the credit market. [5991]

69. **Hospes, Otto, "People that Count: The Forgotten Faces of Rotating Savings and Credit Associations in Indonesia," Savings and Development Vol. XVI, No. 4, pp 371-401.**

Argues that the self-regulative capacity of poor people has not been taken into account in research and policies on rotating savings and credit associations. Argues that many researchers have failed to recognize the adaptations its members carry out for specific and changing circumstances. Suggests the need for new studies of ROSCAs considering the variability people introduce and the effects of changing economic conditions. [6016]

70. **Ibe, Aforika C., "Provision of Life Insurance Services in the Informal Sector: The Case of IGBO Clubs in Ilorin, Nigeria," African Review of Money Finance and Banking No. 2, pp 185-193, 1992, (Supplementary issue of "Savings and Development").**

This paper studies the provision of life insurance services by community and/or social clubs in response to the failure of the registered operating insurance companies to do so. Examines the cost of purchasing the death benefits and determined that even at the most conservative interest rates the beneficiaries have been receiving less than the value of their investments. Claims that the clubs have been inefficient in the provision of these services, and the need to review their actual operating scheme. Suggests that in order to be more efficient, the clubs should cut some of their expenses such as entertainment. [6021]

71. **International Food Policy Research Institute and The World Bank, “Understanding How Resources are Allocated Within Households,” IFPRI-World Bank conference on Intrahousehold Resource Allocation, February 12-14, 1992, at Washington, DC, IFPRI Policy Briefs No. 8, IFPRI, Washington, DC, November 1992, 57 pages.**

Papers presented at a conference held in Washington D.C., on “Intrahousehold Resources Allocation: Policy Issues and Research Methods.” The papers address four main topics: (1) How do measured levels of household welfare correspond to measured levels of individual welfare; (2) The policy implications of unequal household resource distribution; (3) What are the processes that generate the observed pattern of resource distribution in the household; (4) The disciplines and research methods that are most effective in studying these processes. [6038]

72. **Jaramillo, Fidel, Fabio Schiantarelli, and Andrew Weiss, “The Effect of Financial Liberalization on the Allocation of Credit: Panel Data Evidence for Ecuador,” Working Paper Series No. 1092, The World Bank, Washington, D.C., February 1993, 45 pages.**

Describe the main point of the reforms and general macroeconomic developments, and identify the principal changes that occurred in the firms' financial structure and credit allocation. Discuss the effects of financial liberalization. Provide evidence that after liberalization there has been a change in the allocation of credit, favoring the larger and older firms. Conclude that financial liberalization has promoted directing credit to more efficient firms. [5969]

73. **Jinkins, John E., Gregory D. Hanson, and Kent D. Olson, “Can We Successfully Gauge National Farm Financial Conditions? Evidence from the Triangle Non-repayment Model,” USDA, 15 pages.**

Explore the structure of the triangle nonrepayment model. The model points out which commodity groups and regions suffered the most during the farm financial crises. Undertake a validation exercise of the model and show that it is a significant predictor of farm financial stress and may prove useful for farseeing future trends in farm economics. [6154]

74. **Kashuliza, Anacleti K., “Agricultural Credit in Tanzania: The Policy and Operational Problems of the Cooperative and Rural Development Bank,” Savings and Development Vol. XVI, No. 4, pp. 327-352.**

Reviews the performance of the Cooperative and Rural Development Bank in financing smallholder agricultural production and other rural development activities. Concludes that there has been credit rationing at the regional level based on the cash crops produced. Provides some policy implications, such as to avoid frequent changes in the parastatal and cooperative systems, that have adjustment costs for lending banks. [5966]

75. **Keely, Katherine and Chris Weiss, “Savings Groups: A Tool for Community Organizations,” Savings Network, September 1993, 52 pages.**

The purpose of this manual is to be used as a tool for a particular type of asset building alternative, which is savings groups. Presents the basic elements necessary for understanding savings groups and the history of Savings Clubs. Identifies the steps for designing a savings program and the potential impact from savings groups schemes. [6227]

76. **Kesterton, Anne, “Finance for Microenterprise - Innovations in Kenya,” Small Enterprise Development Vol. 4, No. 2, pp. 16-23.**

This paper identifies and examines the principal characteristics of group-based savings and credit programs in Kenya. Discusses the importance groups have in the African culture, and the role NGOs play in the expansion and development of small enterprises. Finds that NGOs can be an effective bridge between groups and commercial banks but this linkage is still in a primary stage. Concludes that these programs have been relatively successful though they still depend heavily on donor funds. [6040]

77. **King, Robert G. and Ross Levine, “Finance, Entrepreneurship, and Growth” Journal of Monetary Economics Vol. 32, pp 513-542, 1993.**

Construct an endogenous growth model in which the financial sector evaluates prospective entrepreneurs, mobilizes savings to finance the more productive activities, diversify risks, associated with these innovations and reveal the expected profits from undertaking innovative activities instead of the financing the production of existing products or by existing methods. Argue that more efficient financial systems improve the probability of successful innovation and thereby are more likely to promote growth. Present evidence that supports this hypothesis and conclude that better Financial systems facilitates innovation and increases the rate of growth. [6307]

78. **Kirsten, J. F., J. van Zyl, and H. J. Sartorius von Bach, "Evaluation of the Farmer Support Programme in Venda and Lebowa: The Institutional Analysis," University of Pretoria, South Africa, 1992, 38 pages.**

Presents the proposed institutional structure of the Farmer Support Programme and discusses the institutional structure as currently implemented in Venda and Lebowa. Finds that there are significant deviations from the proposed institutional structure. Suggest a revision of the operating institutional framework for a more efficient operation of the Farmer Support Programme. The results show that in Venda the extension services are not effectively included in the Farmer Support Programme package. [6028]

79. **Kochar, Anjini, "Credit Constraints and Land Tenancy Markets in Rural India," Institute for Policy Reform, IPR 54, September 1992, 44 pages.**

Provides an empirical investigation of the extent to which rural households in India are effectively constrained in the Government controlled or formal credit sector by analyzing the impact of access to such credit on production decisions, such as the decision to rent land. Reveals that access to credit is biased towards large farm households. Finds that increased demand for land by large farmers is due to their increased productivity. [6056]

80. **Lamberte, Mario B., "Decentralization and the Financial Sector," Unpublished paper, Philippine Institute for Development Studies, Philippines, March 1992, 59 pages.**

Analyzes the effects of the new Local Government Code on financial intermediaries and markets. The results show that banks have a low level of intermediation within a region, that is, only a small proportion of the deposits from the region are lent back to the same region. Under the new code banks will have access to new clients, but their knowledge about their creditworthiness is incomplete. The gathering of the necessary information could raise the transaction costs for small loans. Suggests that creating a credit rating system for the Local Government Units could considerably reduce the transaction costs. [5964]

81. **Lee, Jungsoo, "Financial Sector and Economic Development: A Survey," Economics and Development Resource Center Report Series, Report No. 55, Asian Development Bank, September 1991, 31 pages.**

Surveys the literature on the role of the financial sector in economic development. Argues that there is consensus in regarding a positive role of the financial sector in promoting economic development through the provision of payment services. Finds evidence that

macroeconomic instability and improper sequencing of the liberalization process are responsible for some of the negative effects that occurred after liberalization. Concludes that macroeconomic stability and appropriate financial infrastructure are the most important prerequisites for a successful financial liberalization. [6155]

82. **Leong, Stephen, "Analyzing the Willingness of Banks to Finance Viticultural Loans in Florida," Paper presented at the American Agricultural Economics Association 1992 meeting, August 9-12, 1992, at Baltimore, MD, Center for Viticultural Sciences, Florida A&M University, Tallahassee, Florida, 1992, 12 pages.**

The objective of this paper is to study the willingness of banks to finance grape growing and wine production enterprises. Estimates probabilities from a logit analysis, and uses them as proxies for willingness to loan. Finds that many commercial banks perceive the future of viticulture with uncertainty and therefore more risky than other agricultural enterprise, and that selected banking characteristics and risk perception have a significant impact on a bank's willingness to consider viticultural loans. [6156]

83. **Lerman, Zvi and Claudia Parliament, "Financing of Growth in Agricultural Cooperatives," Staff Papers Series, Staff Paper No. 91-33, Institute of Agriculture, Forestry and Home Economics, University of Minnesota, St. Paul, Minnesota, July 1991, 16 pages.**

Examine how agricultural cooperatives finance their growth, study their sources and uses of funds and compare them to the aggregate of nonfinancial corporations for the period 1973-1987, and test the hypothesis that cooperatives are equity bound. Find that the agricultural cooperatives finance more than half of their total investment with equity, and that the proportion of total investment financed with equity is statistically indistinguishable from the benchmark used to represent investors in conventional firms.[6135]

84. **Llanto, Gilbert M., "Asymmetric Information in Rural Financial Markets and Interlinking of Transactions Through Self-Help Groups," Journal of Philippine Development Vol. XVI, No. 1, first semester 1989, pp 147-163.**

Describes the operation of rural informal markets. Discusses the consequences of asymmetric information on the credit market and how it limits access to formal credit by small rural borrowers. Examines interlinking contracts in the rural financial market, and the effectiveness in overcoming an imperfect information structure. Claims that the state has an important role in the provision and generation of information in the rural sector. Suggests the creation of a guarantee cover for rural loans so that it offsets part of the default risk. [5821]

85. **Llanto, Gilberto M., "Agricultural Credit and Banking in the Philippines: Past Experience, Present Views and Policies," Unpublished paper, presented at FAO Regional Expert Consultation on Policies and Programmes relating to Agricultural Credit and Banking and the Annual Meeting of the FAO Regional Network for the Development of Agricultural Cooperatives, FAO/RAPA, November 23-27, 1992, 37 pages.**

Reviews the past and present agricultural credit and banking policies implemented in the Philippines, identifying the principal issues that arose after the agricultural credit policy reforms were undertaken in 1986. The financial reform didn't affect the special characteristics that rural credit transactions face, requiring a set of actions to make rural credit viable. Points out the importance of an adequate supply of infrastructure and public goods. [5961]

86. **Malik, Sohail J., "Agricultural Credit Markets for Sustained Growth and Development of Agriculture in Pakistan," Agricultural Strategies in the 1990's: Issues and Policies, May 1991, Pakistan Association of Agricultural Social Scientists, Islamabad, Pakistan, 1993, pp 183-195.**

This paper investigates the transformation of the credit market and how it achieves long run viability, satisfying the needs of a changing agricultural sector. Proposes studying the changing nature of the credit market from four different points of view: who are the lenders?, who are the borrowers?, what is the structure of the credit market?, what are the consequences of this market structure. Evidence from Pakistan indicates that there has been an increase in institutional credit but access to subsidized credit by small farmers has declined. [6059]

87. **Meyer, Richard L., "Lecciones Recientes de Programas de Credito a Microempresas," Economics and Sociology Occasional Paper No. 2012, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, December 1992, 19 pages.**

Presents an evaluation of microenterprise support programs of donor agencies during the past decade. Some policy recommendations for microenterprise development are extracted and discussed. Concludes that there is no general consensus in the way microenterprise development should be faced, but that there are some basic elements that should not be disregarded in the development of the program. These include self-sufficiency of the program and the macroeconomic environment in which the enterprises will operate. [5790]

88. **Meyer, Richard L., Geetha Nagarajan, and Korotoumou Ouattara, "Financial Intermediation by NGOs: Implications for Indigenous Village Groups in The Gambia," Economics and Sociology Occasional Paper No. 2025, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, January 1993, 17 pages.**

Report and examine the implications of financial intermediation by NGOs on the functions traditionally performed by local informal financing arrangements in the rural sector of The Gambia. Identify the characteristics of these informal arrangements and discuss the functions they perform in the rural sector. Find that the expansion of NGOs has had a partial substitution effect on the financial services performed by previous informal institutions. However these informal institutions are still required for provision of contingency credit and insurance since NGOs generally target their loans for production purposes. [5922]

89. **Morris, Gayle A. and Richard L. Meyer, "Women and Financial Services in Developing Countries: A Review of the Literature," Economics and Sociology Occasional Paper No. 2056, Department of Agricultural Economics and Rural Sociology, The Ohio State University, April 1993, 29 pages.**

Present a literature review on the role of women in developing countries in financial markets. Find that most of the research has been focused to the access women have to credit, but recently there has been more interest in the role women play as savers. Issues such as targeting and gender discrimination have been often included in the research of women and the financial sector. Recommend additional research in areas such as: participation of women in financial markets; program design; and financial systems linkages and innovations. [5989]

90. **Nagarajan, Geetha, and Richard L. Meyer, "A Modified Sub-Sector Framework: Application to the Fertilizer Sub-Sector in The Gambia," 1991 AAEA Meetings, August 1993, at Orlando, Florida, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, July 27, 1993, 9 pages.**

Use a modified sub-sector framework to study the fertilizer sector in The Gambia. This framework explicitly includes considerations of financial markets in that sub-sector, examining the terms and conditions of financial contracts present in a particular sub-sector. Endogenizing the financial markets requires that transaction costs and risk characteristics of the participant agents be considered. Find that the availability of flows of funds affects the vertical integration of functions in the fertilizer sub-sector, and may lead to an oligopolistic market. [6058]

91. Nagarajan, Geetha, and Richard L. Meyer, "Market Segmentation in the Philippine Informal Credit Markets," *Economics and Sociology Occasional Paper No. 2024*, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, January 1993, 17 pages.

This paper attempts to explain the principal factors that determine the matching that occurs between lenders and borrowers in the Philippine rural informal markets. The understanding of these factors provide evidence of market segmentation that may occur due to borrowers and lenders occupational specialization. The results indicate that trader-lenders tend to match with borrowers who are generally large producers, while farmer-lenders tend to match with borrowers that use land, labor and product links. Suggest that linking formal and informal financial sectors may be an efficient way to increase access to credit for small farmers. [5921]

92. Obeta, Malachy Ezeja, "Agricultural Credit in Nigeria: Performance at Farm Level," *African Review of Money, Finance and Banking*, No. 2, 1992, Supplementary issue of "Savings and Development," pp 173-184.

This paper attempts to assess the impact of the agricultural credit policies and programs for smallholders in Nigeria. Uses loan accessibility by smallholders as a measure of performance of the formal financial sector. The study shows that most of the trading banks were not meeting the required credit allocation for the agricultural sector. Finds that most of the farmers who used some type of credit obtained it from informal sources. Recommends that smallholder loans be fully guaranteed by the Central Bank of Nigeria [6022]

93. Okorie, Aja, "Agricultural Loan Recovery Strategies in a Developing Economy: A Case Study of IMO State, Nigeria," *African Review of Money, Finance and Banking*, No. 2, Supplementary issue of "Savings and Development," No. 2, 1992, pp 195-202.

This paper examines the loan recovery procedures of rural lending institutions in Nigeria. Identifies the strategies they follow, their effectiveness, and the factors that affect strategy choices. Argues that the adoption of a particular strategy is determined by a complex interaction of factors on the demand and supply sides of credit. Concludes that both parties of the transaction and the socio-political factors have to be considered in the formulation of loan recovery plans in developing countries. [6020]

94. **Otero, Maria, "Micro-Enterprise Assistance Programs: Their Benefits, Costs, and Sustainability," Discussion Papers Series Document No. 2, Accion International, Cambridge, MA, April 1989, 29 pages.**

Discusses the principal issues that should be considered when measurement of the benefits obtained from microenterprise programs is desired. Argues that it is not enough to concentrate on the microenterprise, but that a broader scope is necessary to capture the complete impact the program has in the community. Analyzes some of the factors that determine long term viability and stability of programs that offer financial services to microenterprises. [5908]

95. **Ouattara, Korotoumou, Douglas H. Graham, and Carlos E. Cuevas, "Financial Innovation and Donor Intervention in Africa: The Village Savings and Credit Associations (VISACAs) in The Gambia," Economics and Sociology Occasional Paper No. 2067, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, June 1993, 19 pages.**

This paper documents the operation and evolution of VISACAs in The Gambia. Investigates the performance of the VISACAs and explores the reasons that explain the unusual behavior they have shown. Find that the loan recovery rate has been extremely high and that there is some flexibility in the scheduled repayment dates, suggesting that VISACAs may play an insurance role. Conclude that part of the success is due to the ability VISACAs have demonstrated in promoting local savings mobilization. [6053]

96. **Pearson, Roland, and Dallas Garland, "Financial Institutions Development Project in Indonesia: Developing Financial Institutions to Serve Small Enterprises," GEMINI Working Paper No. 41, July 1993, 128 pages.**

This report presents the initial conditions of financial services in Indonesia, discusses the policies and frameworks that were promoted and explains the needs for regulatory policies and supervision. The principal objective of this project was to develop financial institutions that could effectively service low income groups, located mainly in the rural sector. The project has led to the establishment of a basic structure and operation for small financial institutions. Points out that there are still problems in supervising these institutions. [6079]

97. **Pino, John A., "Development of Microenterprises Providing Services to Agricultural Production in the Puebla Region of Mexico," Draft paper, Appropriate Technology International, Washington, DC, August 1990, 36 pages.**

Presents the results of project undertaken in Puebla, Mexico. The project involved the establishment of over twenty microenterprises in different economic activities. The evaluation indicates that even when some activities may seem necessary they are unfeasible, while others offer the opportunity to increase economic activity. Claim that an important element that has to be considered in these types of programs is the flexibility to make adjustments and changes as the program develops. Recommend exploring new credit mechanisms because credit access and management are critical constraints in converting subsistence farmers to microentrepreneurs. [6136]

98. **Poyo, Jeffrey, "Desarrollo Institucional del Banco Agrícola y la Reforma Financiera," Economics and Sociology Occasional Paper No. 2005, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, November 1992, 15 pages.**

Examines the effects financial reform may have on the agricultural sector of the Dominican Republic. Claims that this reform should favor the agricultural sector by eliminating some of the distorting elements that have discriminated against the development of this sector. Argues that it is necessary for the agricultural sector to have a solid and efficient financial sector that offers appropriate financial services to promote growth. Points out that social programs not related to the financial sector should be canalized by other means and not interfere with the financial sectors main operations. [5796]

99. **Rahman, Atiq, "The Informal Financial Sector in Bangladesh: An Appraisal of its Role in Development," Development and Change, Vol. 23, 1992, pp 147-168.**

Examines the role of the informal financial markets in the development of the economy in Bangladesh, estimates the size of the informal sector and studies the complementarity that exists between the informal and formal sectors. Finds that both sector have a high degree of complementarity, which makes it difficult to eliminate informal transactions by expanding and developing the formal sector alone. Points out that the informal financial sector cannot be labeled as exploitative and inefficient, and suggests that the data for Bangladesh indicates that the opposite is more likely. [6011]

100. **Reed, Larry, and David Befus, "Transformation Lending: Helping Microenterprises Become Small Businesses," GEMINI Working Paper No. 37, April 1993, 54 pages.**

Examine the problems microenterprises face for their development, especially their growing need for credit. Study how credit institutions can help in the process of transforming microenterprise from the micro stage to the small enterprise sector. Review five programs that have successfully facilitated this transformation, and that are currently covering their expenses. Conclude that microenterprise lending programs can adequately serve the needs of transforming enterprises in a financially viable way, generally involving a combination of fixed asset loans with working capital. [6080]

101. **Roth, Michael, Jeff Cochrane, and W. Kisamba-Mugerwa, "Tenure Security, Credit Use and Farm Investment in the Rujumbura Pilot Land Registration Schemes, Rukungiri District, Uganda," The Land Tenure Center, Madison, Wisconsin, August 1992, 55 pages.**

Use a logit regression model to study the effects of the land registration program implemented in 1958, on tenure security, credit use, and agricultural investment. The results indicate that supply side benefits of title on farm investment through augmented credit are insignificant. Some evidence of demand side effects of enhanced tenure security is provided by the positive relationship between specific investments and land registration. [5881]

102. **Salas, Antonio, Robert Wieland, and Katherine Stearns, "Informal Finance in Kingston, Jamaica," Small Enterprise Development, Vol. 2, No. 4, pp. 40-46.**

This report summarizes the findings of a study of informal financing arrangements, considering the terms and conditions, client selection, sources and costs of finance, guarantees and repayment schedules. The principal findings are that the ability of processing and delivering funds quickly is one of the major reasons that explain the extent to which informal finance has developed. This must be considered in the development of programs designed or targeted to low income individuals. [5770]

103. **Samolyk, Katherine A., and Rebecca Wetmore Humes, "Does Small Business Need a Financial Fix?" Economic Commentary, Federal Reserve Bank, Cleveland, Ohio, May 1993, 6 pages.**

Examine some of the proposed remedies for the lack of growth in small business credit in USA. Most of these remedies do not resolve the central issue, but focus on alternative ways to increase these businesses availability of credit. Suggest that these policies be

evaluated on their long term effects and not on the short term impact they may have on credit availability for small business. [6047]

- 104. Samson, Michael, "Financial Repression, Directed Credit Subsidies and Declining Income: The Problem of Optimal Monetary Control" Research Memoranda Series, Center for Research in Economic Growth, Stanford University, Stanford, California, May 1993, 35 pages.**

Presents a microeconomic model of a profit maximizing firm and analyzes how targeted credit programs affect the complementarity between money and capital in an economy under financial repression. Finds that under extreme conditions of financial repression the firms output may decline as subsidized credit increases. The cost of subsidized credit is frequently met with an increase in inflation or a decline in the real rate of deposit which may undermine the productivity of capital. Develops a macroeconomic model to study the set of policy combinations that are consistent with capital market equilibrium. [6299]

- 105. Sanchez, Raul, "Indicadores Claves de Eficiencia Utilizados por las Cooperativas de Ahorro y Credito de Honduras," Unpublished paper, Project AID/WOCCU/COLAC, Honduras, February 1992, 14 pages.**

Presents and discusses the characteristics and importance that financial indexes have for adequate management of savings and credit cooperatives. Identifies twelve financial indexes that serve as basis to track and evaluate the performance of these cooperatives. Suggests incorporating these indexes to a periodic administrative practice. [5900]

- 106. Schiantarelli, F., I. Atyias, G. Caprio Jr., J. Harris, and A. Weiss, "Credit Where it is Due? How Much, for Whom, and What Difference Does it Make? - A Review of the Macro and Micro Effects of Financial Reform," Presented at conference "Finance 2000 - Financial Markets and Institutions in Developing Countries: Reassessing Perspectives," May 27-28, 1993, at Washington, D.C., December 1992, 19 pages.**

Discuss the mechanisms by which financial development affects the real economy, and review lessons from studies, based on aggregate data, of financial liberalization and deregulation. Also present a summary of the most recent findings from firms panel data identifying the impacts that regime shifts have after financial deregulation. Conclude that according to the available data, there is evidence that financial reform has positive effects with respect to efficiency, allowing greater flows of credit to more efficient firms.[6003]

107. Schmidt, M. I., "The Relationship between Cattle and Savings: A Cattle-Owner Perspective," Development Southern Africa, Vol. 9, No. 4, November 1992, pp 433-444.

Explores the advantages and disadvantages cattle-owners face from keeping cattle, in the Taung district of Bophuthatswana. Discusses the role cattle has in African pastoral societies and investigates the benefits and costs of using cattle as a depository of value. Identifies some of the consequences of these practices. Concludes that in the short run it is rational for individuals to store their wealth in cattle despite the fact that the risks of death or theft may be high. However in the long run it is likely that they will opt for other ways of storing their wealth. [5910]

108. Schwaruz, Anita M., "How Effective Are Directed Credit Policies in the United States? A Literature Survey," Working Paper Series No. 1019, The World Bank, November 1992, 33 pages.

Describes the principal federal credit programs implemented since 1989 including the magnitude of government involvement and degree of subsidy they have. Discusses some empirical works and presents a framework useful for the analysis of the effectiveness of directed credit. According to the available data some doubt arises on the effectiveness of U.S. credit programs to generate growth. Finds that the links between credit and investment in agriculture are weak, and this implies that the efficiency of the targeted credit programs will be low. [5957]

109. Sell, Friedrich L., and Silke Wohlgemuth, "On the Reduction of Interest Rate Margins in Developing Countries and Implicated Welfare Effects for Private Households," Savings and Development, Vol. XVI, No. 4, 1992, pp 403-420.

Analyze the principal factors that affect the efficiency of resource allocation in the financial sector of developing countries. Explore the determinants of transaction costs, welfare effects of reducing the interest rate margin and welfare implications of interest rate policy. Argue that by lowering the transaction costs the lending rates will decline and the savings rates will increase, reducing the rate margin. This has positive effects on the volume of savings mobilization. [6015]

110. Sial, Maqbool H., and Michael R. Carter, "Economic Evaluation of Agricultural Programs Under Non-Random Participation: Measuring the Allocative and Technical

Efficiency Effects of Small Farm Credit in Pakistan,” Department of Agricultural Economics, University of Wisconsin-Madison, Madison, Wisconsin, 1990, 34 pages.

Examines the impact of institutional credit on the technical and allocative efficiency of small farms in the Punjab. A comparison of credit users and non users shows a positive relation between credit and small farm productivity. Finds that credit has an important effect on the use of intermediate inputs and in the technical efficiency small farmers obtain. However the data doesn't support the hypothesis that those who use credit have a better allocative efficiency. [6162]

- 111. Soyibo, Adedoyin, and Femi Adekanye, “The Nigerian Banking System in the Context of Policies of Financial Regulation and Deregulation,” AERC Research Paper No. 17, African Economic Research Consortium, December 1992, 38 pages.**

Attempt to evaluate the effects of financial deregulation and interest rate liberalization in Nigeria with particular consideration on savings mobilization. Discuss the changes the Nigerian banking system has had and reviews the macroeconomic policies the government has implemented. Conclude that there is a positive relationship between savings mobilization and financial liberalization, but that part of this result is due to the removal of conflicting policies. Point out that policies promoting deposit mobilization are necessary for an adequate development of the banking sector. [6083]

- 112. Soyibo, Adedoyin, and Femi Adekanye, “Financial System Regulation, Deregulation and Savings Mobilization in Nigeria,” AERC Research Paper No. 11, African Economic Research Consortium, November 1992, 38 pages.**

This study analyzes the impact government and deregulation have on the operation of the financial system and its effects on savings mobilization in Nigeria. Find that Shaw's debt-intermediation hypothesis fits better in the Nigerian case than McKinnon's complementarity hypothesis. In light of this, policies that encourage the savings habit of Nigerians are steps in the right direction. [6084]

- 113. Stiglitz, Joseph E., “The Role of the State in Financial Markets,” Draft, Institute for Policy Reform, Washington, D.C., October 1992, 99 pages.**

Discusses and examines the principles that should be considered when studying and undertaking financial reform and deregulation. Argues that much of the financial liberalization that has been undertaken during the last years has not been based on a sound economic understanding of the operation of financial markets and the scope for government intervention. Points out that the government has a limited ability to intervene

in markets with market failures, and consequently a lot of attention has to be put in the design of appropriate institutions and intervention. [5906]

- 114. Teh, Jr., Robert R., “Interlinked Credit and Tenancy Arrangements: A State-of-the-Art Review,” Philippines Institute for Development Studies, Working Paper Series No. 91-10, August 1991, 30 pages.**

This study examines the issue of agrarian reform and interlinking of marketing and credit services in the Philippines. Suggests that first best policies require less government intervention in financial markets and an adequate provision of public goods. Finds that regulations that act as barriers to competition among financial institutions and unstable macroeconomic conditions are the principal elements that a successful financial reform should consider. [6180]

- 115. Thillairajal, Sabapathy, “Development of Rural Financial Markets in Sub-Saharan Africa: Main Report,” Draft paper, Technical Department, Africa Region, The World Bank, Washington, D.C., February 1993, 148 pages.**

This report presents a regional overview based on several case studies of Sub-Saharan countries. The principal objective of the study is to develop systematic and analytical knowledge based on the prospects and problems of developing sustainable rural finance markets. Some of the issues that are discussed include the failure of targeted credit programs and the low levels of deposit mobilization. Recommends that research for the poor be addressed within the context of rural financial markets including the informal sector. [6050]

- 116. Townsend, Robert M., “A Strategy for the Evaluation of Financial Systems with an Application to Thai Rural Credit,” Unpublished paper, presented at conference “Finance 2000 - Financial Markets and Institutions in Developing Countries: Reassessing Perspectives,” May 27-28, 1993, at Washington, D.C., 9 pages.**

Presents a framework to evaluate the performance of financial systems, based on risk sharing literature and design theory. The central idea is to combine field research, empirical research and project evaluation in one model and address the interesting issue of what can be done to improve societies welfare. Argues that understanding the environment of the economy and its markets and institutions is necessary to design and implement welfare improving policies and programs. [6004]

- 117. Udry, Christopher, "Risk and Saving in Northern Nigeria," Draft, Department of Economics, Northwestern University, Evanston, Illinois, June 1993, 26 pages.**

Using data collected from households in the northern region of Nigeria, examines how they adjust their consumption patterns when faced to adverse shocks. An intertemporal choice model is used as the basic framework, but some modifications are made to allow for the linkages between saving and production. Finds that households use their assets as buffer stocks, smoothing consumption, but that savings in the form of grain stocks and not livestock, are reduced first and more frequently when a negative shock affects the household. [6220]

- 118. Vigano, Laura, "A Credit Scoring Model for Development Banks and an Application to the "Caisse Nationale de Credit Agricole" of Burkina Faso," Unpublished paper, University of Bergamo, Italy, April 1993, 47 pages.**

Argues that loan evaluation procedures could be improved through a more efficient diffusion and use of the available information to estimate repayment probabilities. Proposes a quantitative model to evaluate creditworthiness based on a multivariate discriminant analysis. The model can be used as a common evaluation criteria in financial institutions, and a consistent way for bank branches to accomplish the banks general objectives. Suggests incorporating discriminant models to the set of elements used by financial analysts in making creditworthiness decisions.[6068]

- 119. Villanueva, Delano, and Abbas Mirakhor, "Strategies for Financial Reforms: Interest Rate Policies, Stabilization, and Bank Supervision in Developing Countries," International Monetary Fund Staff Papers Vol. 37, No. 3, September 1990, 29 pages.**

Review recent theoretical developments on interest rate and financial policies. Attempt to address the roles of imperfect information, risk sharing, macroeconomic instability, and moral hazard in the determination of lending interest rates. The problem in determining which is the proper sequencing of interest rate liberalization, macroeconomic stabilization and financial regulatory policies is also considered. Point out that in any financial reform program special attention should be put to the initial state of the economy, the financial position of the private sector and the quality and quantity of prudential regulation. [6005]

- 120. Vogel, Robert C., "The Rural Financial System: Agricultural Credit in the Context of the Ukrainian Banking System," Unpublished paper, 1992, 30 pages.**

Describes and identifies the principal components of the Ukrainian banking system, excluding the central bank. Recommendations are based on a general criteria, which is

how to achieve a more efficient and effective banking sector that provides financial services for the agricultural sector. Concludes that the government should encourage development of the financial sector which in turn would increase the availability of financial services to the agricultural sector. Points out that the emergence of semi-formal institutions or informal arrangements should not be repressively discouraged. [5860]

- 121. Vyakarnam, Shailendra, "Rural Traders - Financial Intermediaries? A Discussion Paper," Marketing and Rural Finance Service, Agricultural Services Division, FAO, Rome, Italy, June 1992, 71 pages.**

Explores the role, advantages and disadvantages of rural traders from on the input side perspective contrasting with most of the literature which deals with rural traders from the output side. One of the principal issues studied is the supply of credit, believed to be a major bottleneck for development. Claims that one of the reasons for stimulating the rural traders is to force competition with cooperatives and parastatal organizations traditionally in charge of input distribution. Suggests that the use of rural traders as financial intermediaries is an interesting alternative though it is limited, and it should be kept in mind that traders are not bankers. [5941]

- 122. West, Loraine A., "Farm Household Access to Credit Markets Under the Household Responsibility System in China," Unpublished paper, presented at the 1990 AAEA meetings, Stanford University, Stanford, CA, July 1990, 16 pages.**

Examines the roles of formal and informal financial credit sectors in financing farm household production and consumption needs and access to credit in China. Discusses the sources of credit farm households have available and their characteristics, analyzes the effects of government policy and the extent of credit rationing. Finds that the principal determinants of loan sources are the level of savings, loan use and household location. [6172]

- 123. Wieland, Robert, "A Report on the Rural Financial System in Tanzania," IMCC, October 1993, 26 pages.**

This report reviews the recent trends in financial services for agriculture and propose a set of recommendations for improving financial intermediation in agricultural production and marketing. Argue that the most important characteristic of Tanzania's agricultural transformation from a centrally planned system to a free market system is that it is been undertaken without the benefit of formal financial services. Some of the recommendations proposed include the development of programs that promote deposit mobilization and support the introduction of innovations in the provision of financial services. [6236]

- 124. Wieland, Robert and Piedad Geron, "Fertilizer Marketing and Farmer Credit in the Philippines" ABT Associates Inc., Cambridge, Massachusetts, April 1990, 13 pages.**

Present a summary of recent events that are relevant to understand the Philippines fertilizer market. Discuss the structure, operations and financing of fertilizer imports. Describe the traditional relation between fertilizer distributors and dealers, and the contractual arrangements by which the final user purchases the fertilizer. An attempt to measure the extent to which fertilizer suppliers provide production credit to farmers was done using data from a survey obtained in the Philippines. Find that almost two thirds of the dealers interviewed did provide some type of production credit, and that they in turn had access to formal financial institutions. This suggest the role that fertilizer dealers can play in the provision of credit. [6217]

- 125. World Bank, "Poverty Handbook," The World Bank, Washington, DC, 1991, 306 pages.**

This handbook collects experiences from operations and research and provides guidance to World Bank operational task managers on what are "good-practice" approaches. The recommendations are focused on incorporating elements that are relevant to the way poverty issues are studied. They include the analysis of policy, public expenditures, and institutions from a poverty reduction perspective; finance projects that help the country reduce poverty; monitor country performance and address implementation and evaluation of the project in the adequate stages. [6177]

- 126. World Bank, "Madagascar: Rural Finance Sector Review," The World Bank, Washington, DC, 1992, 133 pages.**

Describes the rural financial markets in Madagascar and evaluates policies and institutions that have worked and those that haven't. Explores the potential of the agricultural sector and the need to improve market development through good policies and investment programs. Discusses the effects of low savings and investment rates, particularly with respect to the limitations they impose on the growth rate. The report identifies four major problems and suggests some policy recommendations to overcome them. The problems include the high cost of providing rural credit, the high risks involved in rural lending, a low institutional development and adequate policy environment. [6060]

- 127. Yadav, Satya N., and Glenn Pederson, "Determinants of Interest Rates in Informal Credit Markets of Nepal," Unpublished paper, presented at the AAEA Annual Meeting, 1992, at Baltimore, Maryland, 1992, 12 pages.**

Using cross-section data of rural households from Nepal, identify the principal factors that affect informal credit interest rates. Results indicate that default risk premium and monopoly surcharge are the major components of informal interest rate levels. Government policies that aim to reduce informal interest rates have to be evaluated in terms of their effectiveness in reducing the above variables. Claim that caution should be put in expanding the formal sector because it may be inefficient and inequitable due to the minor impact formal institutions have on informal lenders monopoly power. [5858]

128. **Yotopoulos, Pan A., and Sagrario L. Floro, "Income Distribution, Transaction Costs and Market Fragmentation in Informal Credit Markets," Cambridge Journal of Economics, Vol. 16, No. 3, 1992, pp 303-326.**

Present and apply the new institutional economics approach, highlighting the importance of transaction costs and the role trust plays in credit markets. An empirical validation of these arguments was done in the Philippines, testing the practice of interlinking market transactions for two types of lenders, the trader-lenders and the farmer-lenders. Find that transaction costs vary significantly among different sets of contracting parties, and attributes this to the lack of an institutional framework that generates trust in the transactions. [5949]

129. **Zeller, Manfred, "Participation of Rural Households in Formal and Informal Credit Markets in Madagascar," International Food Policy Research Institute, Washington, D.C., March 1993, 18 pages.**

This paper test the hypothesis that improved access to savings and loans opportunities stabilizes and may increase the income level and food consumption. This is achieved by three main pathways. First access to credit increases the capacity to bear risks which has several positive consequences. Second, access to credit may increase the use of inputs, the technological level and the productivity of the household generating and stabilizing income. Finally, it allows for consumption credit, stabilizing food consumption. [5948]

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